

Message Text

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P R 121240Z APR 74
FM AMCONSUL KARACHI
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UNCLAS SECTION 1 OF 2 KARACHI 0834

E.O: 11652: N/A
TAGS: BEXP, PK
SUBJECT: POSSIBLE FISH HARVESTING EQUIPMENT TRADE
MISSION TO KARACHI

REF: HENDERSON-TIGER TELECON - APRIL 10, 1974

FOR BIC/OIM/SAD, DON HENDERSON

1. IN TELECON HENDERSON INQUIRED INTO ADVISABILITY OF ROUTING
TO KARACHI FOR A FEW DAYS A FISH HARVESTING EQUIPMENT TRADE
MISSION SCHEDULED FOR IRAN MID-MAY.

2. BRIEF INVESTIGATION OF LOCAL MARKET FOR EQUIPMENT THAT
WOULD PRESUMABLY BE IN SUBJECT MISSION INDICATES THE
FOLLOWING:

A. KARACHI FISHING FLEET CONSISTS OF 1400 SMALL
TRAWLERS RANGING FROM 40 TO 60 FT. IN LENGTH POWERED
BY DIESEL ENGINES RANGING IN SIZE FROM 66 TO 130 H.P.
THESE SMALL TRAWLERS RANGE OUT TO 10 MILES AT SEA AND
APPROXIMATELY 50 MILES ALONG THE COAST FROM KARACHI.
FISHERMEN ARE CONSERVATIVE, MOSTLY ILLITERATE AND
TRADITION BOUND, DO NOT UTILIZE ELECTRONIC NAVIGATION
AIDS, NOR AMENABLE TO USING ELECTRONIC FISH FINDING
GEAR.

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B. AFEW KARACHI SEA FOOD PROCESSING PLANTS HAVE SMALL

FLEETS OF 10 OR 15 VESSELS OF SIMILAR TYPE MENTIONED IN (A) ABOVE. THESE FLEETS ARE ALSO EQUIPPED WITH ONLY SIMPLE FISHING GEAR AND DO NOT UTILIZE ANY ADVANCED TECHNICAL EQUIPMENT. ONE PROGRESSIVE FLEET OWNER PURCHASED 5 MARCONI ELECTRONIC FISH FINDERS THREE YEARS AGO, BUT HIS FLEET'S CREWMEN REFUSED TO USE THEM AND DEVICES HAVE LAID IDLE IN WAREHOUSE FOR THREE YEARS.

C. THERE ARE NO REPEAT NO, LARGE DEEP WATER MECHANIZED FISHING BOATS IN KARACHI AND NO DEFINITE PLANS EXIST TO BUILD ANY. THERE ARE NO ON-BOARD REFRIGERATING OR PROCESSING OPERATIONS ON ANY OF THE EXISTING TRAWLERS AND NO, REPEAT NO, PLANS TO INSTALL ANY.

3. THERE IS AN EXISTING MARKET FOR SMALL MARINE DIESEL ENGINES IN 66 TO 130 H.P. RANGE. HOWEVER, THERE IS TREMENDOUS MARKET PREFERENCE FOR JAPANESE DIESEL ENGINE "YANMAR". APPROXIMATELY 90 PERCENT OF ALL KARACHI FISHING FLEET IS POWERED BY YANMAR ENGINE AND RELIABLE SOURCES STATE THAT IT WOULD BE VERY DIFFICULT TO PENETRATE THIS MARKET TO ANY SIGNIFICANT EXTENT. REASONS FOR DOMINANCE OF YANMAR APPARENTLY DUE TO ITS SIMPLE DESIGN AND EXCELLENT AFTER SALES SERVICE WHICH HAS BEEN PROVIDED OVER THE YEARS BY THE JAPANESE MANUFACTURER.

4. FINANCING:

BOTH INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN (IDBP) AND PAKISTAN INDUSTRIAL CREDIT AND INVESTMENT CORPORATION (PICIC) STATE THAT THEY HAVE FOREIGN EXCHANGE RESOURCES WHICH WOULD BE AVAILABLE TO FINANCE VIABLE PROJECTS IN THE FISHING INDUSTRY BUT AT THIS TIME THERE ARE NO APPLICATIONS PENDING AS APPARENTLY THERE IS LITTLE INTEREST IN LOCAL PRIVATE SECTOR FOR EXPANSION IN THE FISHING FIELD. THE AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN (ADBP) RECEIVED A DOLS5.2 MILLION LOAN FROM THE ASIAN DEVELOPMENT BANK IN DECEMBER, 1970 IN ORDER TO FINANCE DEVELOPMENT IN THE FISHING SECTOR. THE LOAN WAS TO LAST UNTIL JUNE 30, 1974. RECENTLY THE PERIOD OF THE LOAN'S VALIDITY WAS EXTENDED UP TO JUNE, 1975 BECAUSE LOAN UTILIZATION BY KARACHI FISHERMEN WAS RUNNING FAR BEHIND ORIGINAL PROJECTIONS. TO DATE ONLY APPROXIMATELY 60 PERCENT OF THE ENTIRE LOAN HAS BEEN DRAWN

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DOWN.

5. COMMENTS:

THE APPARENT LACK OF INVESTMENT IN THE FISHING SECTOR CONFIRMS OVERALL IMPRESSION THAT DEVELOPMENT OF FISHING INDUSTRY AT THIS TIME IS STAGNANT.

6. RECENT TENDERS FOR MARINE DIESELS WON BY JAPANESE YANMAR AS APPARENTLY AMERICAN BIDDERS WERE EITHER OVER-PRICED OR ENGINE OFFERED WAS TOO COMPLICATED OR HIGH SPEED. THERE IS A STRONG LOCAL MARKET PREFERENCE FOR SIMPLE, LOW-SPEED DIESEL ENGINES.

7. POSSIBLE DEVELOPMENT IN DEEP-SEA FISHING:

HAVE DISCUSSED DEEP-SEA FISHING WITH OFFICIALS OF MARINE FISHERIES DEPARTMENT OF GOP WHO STATE THAT GOP IS AWARE OF IMPORTANCE OF FISH AS SOURCE OF PROTEIN AND THAT EXTENSIVE FISH RESOURCES ARE UNDOUBTEDLY PRESENT IN THE WATERS OFF PAKISTAN. FURTHERMORE, THESE OFFICIALS POINTED OUT EXISTENCE OF STUDY ENTITLED "FEASIBILITY OF HARVESTING", PROCESSING AND MARKETING OF TUNA IN PAKISTAN", IN EXTENSIVE REPORT COMPILED BY USAID FISHERIES ADVISOR ALVIN MORGAN IN FALL OF 1970. THIS REPORT DOCUMENTED PROFITABILITY OF A TUNA HARVESTING OPERATION AND RECOMMENDED ESTABLISHMENT OF A SMALL TUNA FLEET. REGARDLESS OF THESE FACTS THE GOP HAS UNDERTAKEN NO ACTIVE PROGRAM TO PROMOTE DEVELOPMENT OF A TUNA FISHERIES INDUSTRY. GOP OFFICIALS FURTHER EXPLAINED THAT PRIVATE FISH PROCESSING FIRMS UNWILLING TO MAKE LARGE INVESTMENT IN DEEP WATER FISHING VESSELS WHEN ECONOMIC RETURNS ARE UNCERTAIN AND INVESTMENT IN SMALLER BOATS FOR HEAR-TO-SHORE SHRIMP TRAWLING RESULT IN CERTAIN PROFITS. SEVERAL LOCAL FIRMS REPORTEDLY WERE INTERESTED IN POSSIBLE JOINT VENTURES WITH FOREIGN FISHING OPERATIONS IN ORDER TO EXPLOIT FISH RESOURCES OF PAKISTANI COASTS. HOWEVER CHECK WITH LOCAL PROCESSORS INDICATE THERE IS

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LITTLE ACTIVE INTEREST IN SUCH JOINT VENTURES AT THIS TIME DUE PRIMARILY TO POOR DOMESTIC INVESTMENT CLIMATE. ONE FIRM POSTPONED NEGOTIATIONS WITH JAPANESE FOR POSSIBLE JOINT VENTURE FOR THIS REASON.

8. RECOMMENDATIONS:

A. IN LIGHT OF OBSERVATIONS ABOVE, WE BELIEVE IT IS SAFE TO SAY THAT THERE IS NO, REPEAT NO, MARKET IN KARACHI FOR EQUIPMENT THAT WOULD PROBABLY BE OFFERED BY SUBJECT MISSION, NOR IS THERE MUCH PROSPECT FOR MARKET IN THE FORSEEABLE FUTURE. ONLY BRIGHT SPOT IS POSSIBILITY THAT GOP WILL MAKE POLICY DECISION TO ENCOURAGE DEEP WATER FISHING INDUSTRY AND FINANCE PILOT TUNA FISHING OPERATION. EVEN IF GOP MAKES THIS DECISION IN IMMEDIATE FUTURE (WHICH IS UNLIKELY) IT WOULD STILL BE SEVERAL YEARS BEFORE THESE FISHING BOATS BECOME OPERATIONAL.

B. IF MISSION WOULD LIKE TO COME DESPITE NON-EXISTENCE OF MARKET AND GLOOMY PROSPECTS FOR THE FUTURE, WE WOULD OF COURSE WELCOME THEM AND WOULD SET-UP APPROPRIATE SCHEDULE FOR MISSION TO LEARN FIRST-HAND ABOUT THE ITEMS MENTIONED ABOVE. SUCH A MISSION SHOULD BE VIEWED NOT AS A TRADE MISSION, HOWEVER, BUT MORE AS AN EDUCATION MISSION AFFORDING AMERICAN BUSINESSMEN OPPORTUNITY TO LEARN ABOUT FISHING IN THIS PART OF THE WORLD.

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C. IF MISSION COMES WE BELIEVE IT SHOULD ALSO PLAN TO EDUCATE KARACHI FISHING INDUSTRY ABOUT MOST MODERN TECHNOLOGY FOR DEEP WATER FISHING. IN THIS REGARD WE WOULD RECOMMEND A TECHNICAL SEMINAR WHERE MISSION MEMBERS DESCRIBE VARIOUS MODERN FISHING TECHNIQUES. SUCH SEMINAR MIGHT ALSO INCLUDE FILMS OF MODERN EFFICIENT FISHING OPERATIONS IN ACTION. SEMINAR SHOULD DEFINITELY BE TECHNICALLY ORIENTED IN ATTEMPT TO EDUCATE LOCAL FISHERMEN AND NOT BE COMMERCIALY ORIENTED IN AN EFFORT TO PROMOTE SALES OR PRODUCTS SINCE THIS WOULD BE TOTALLY UNPRODUCTIVE AND A COMPLETE WASTE OF TIME.

D. IF MISSION COMES, WE RECOMMEND IF AT ALL POSSIBLE INCLUSION OF 1 OR 2 AMERICAN FISHING OR PROCESSING FIRMS WHICH MIGHT BE INTERESTED IN JOINT VENTURE WITH PAKISTANI FIRMS TO EXPLOIT INDIAN OCEAN FISH RESOURCES. IN THIS REGARD UNION CARBIDE PRESENTLY HAS JOINT VENTURE FISHING OPERATION ON MALABAR COAST OF INDIA AND MAY BE INTERESTED IN EXPANDING ITS ACTIVITIES IN THIS AREA. IN ADDITION VAN CAMP IS KNOWN TO HAVE BEEN

INTERESTED AT ONE TIME IN OPERATION SIMILAR TO
UNION CARBIDE.

E. REQUEST YOU ADVISE US ASAP, HOPEFULLY NO LATER
THAN TUESDAY APRIL 16 OF FINAL DECISION ON WHETHER
MISSION WILL COME TO KARACHI OR NOT. IF MISSION
COMES WE WILL HAVE TO UNDERTAKE SIGNIFICANT RESCHEDULING
OF LEAVE PLANS OF CONGEN PERSONNEL.
TIGER

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